

Texas Representative Roberto R. Alonzo's



Capitol Report



Texas Comptroller Susan Combs Issues Report on Student Loan Debt and Rising Tuition Costs

The Texas Comptroller of Public Accounts (CPA) has issued a recent examining the growth of college tuition costs and its impact on student loan debt. ***In Footing the Bill: Rising College Costs, Deepening Debt*** (www.window.state.tx.us/specialrpt/student_loan), the Comptroller's office details impacts of student loan debt; factors driving increases in tuition costs contributing to this debt; reasons students have remained willing to incur these debts; and potential ways to slow the growth of higher education costs. The Comptroller also makes recommendations for the Texas Legislature to improve transparency in this area.

Student loan debt payments often take a large share of graduates' salaries. For Texas-educated college graduates under 30, the average loan-debt balance was \$22,600, or 46 percent of average yearly earnings (\$49,112) in 2011. In 2012, about 20 percent of student loan debt holders in Texas were more than 90 days delinquent on their debt. The most recent figures indicate that 14 percent of all federal student borrowers were in default within three years of leaving school, according to the U.S. Department of Education.

Financial experts say student loan debt could significantly reduce economic activity and demand for mortgage credit and negatively impact the broader economy by inhibiting entrepreneurship and the creation of small businesses. The growth in student loan debt is mirrored by the growth in the cost of attending college. In Texas, average in-state public university tuition and fees rose by 90 percent between 2003 and 2012. Yet despite rising tuition costs and student loan burdens, enrollment in Texas degree-granting institutions rose 49 percent from 2000 to 2012. Because college is usually a good return on investment – college graduates earn about twice as much as those without a college degree – this uptick in enrollment is expected to continue, making it imperative for students to know how their tuition and fees are spent, and to have better access to tools to help them get a full picture of college costs. To help ensure the price of higher education remains in reach for Texas students, the CPA makes several recommendations in the report.

Student debt issues can have a real impact on the Texas economy. Studies show that student loan debt could significantly reduce economic activity and demand for mortgage credit, inhibit entrepreneurship and small business formation and crimp retirement savings. Delinquency among U.S. student debt holders rose from 9.4 percent in 2004 to 17.3 percent in 2012; in Texas, it rose from 12 percent to 20.5 percent.

To learn more and view the entire report, visit the full interactive report at www.window.state.tx.us/specialrpt/student_loan.

COUNT DOWN TO THE START OF THE

84TH REGULAR SESSION OF THE TEXAS LEGISLATURE



This is a reminder that the start of 84th Regular Session of the Texas Legislature is just a little over 2 weeks away. By Texas Constitution, the regular session traditionally starts on the second Tuesday of January, and this year, that day falls on Tuesday, January 13, 2015. With that in mind, and as I have always done in past sessions, be on the lookout in future editions of this ***Capitol Report*** as I profile and highlight some of the key legislation that we will be debating at the State Capitol. Additionally, I urge you to peruse this report and examine the issues it will highlight throughout the 140-day session. In the meantime, if you have any suggestions for legislation, by all means, contact me via e-mail at roberto.alonzo@house.state.tx.us. Finally, if I or my staff can be of any assistance to you, please do not hesitate to contact us with your questions or concerns, either at my Dallas Office (214-942-7104) or my Austin Capitol Office (512-463-0408).